

To: Rhode Island Renewable Energy Fund Advisory Board *(Draft)*
From: Nancy Selman
Date: July 6, 2005
Re: Meeting Minutes for June 27, 2005 Strategic Planning Meeting

In attendance: See attached Attendance List.

1. URI Anemometer – The Board approved \$4400 for installation of anemometer on URI radio tower.
2. Fund Budget – An Excel spreadsheet showing project commitments (not including the Small Customer Incentive Program budgeted but uncommitted funding of an estimated \$1.11 million) and payments for FY 2003 through 2005 (Jan 1, 2003 through June 2005) was circulated and discussed. It was noted that several of the large outstanding commitments (RECA, Berkshire Wind, Portsmouth Abbey Wind Project) were for wind projects whose underlying economics could be affected by the wind turbine price increases of as much as 30% occurring in the market. As a result, while these are all firm commitments, the Board should expect some change in the commitments, such as requests for increased funding or even attrition. A summary of commitments and payments over the same period was also discussed, which showed an estimated \$706,626 of funds collected but not committed. This figure is based on estimates of collected SBC funds and has not been verified by the State Department of Administration Budget Office. The carryforward estimate will be finalized when data from the Budget office is available. A discussion of the budget allocations by program area that had been previously confirmed by straw vote in a prior Strategic Planning meeting followed. This discussion included an allocation of \$600,000 out of the \$706,626 in funds carried forward to the Small Customer Program; the Small Customer Program is estimated to require approximately \$200,000 per year in each of years 2006-2008. It was noted that due to the fact that the budget allocations had been made through a strawman vote process they should not be considered final.
3. Solar Programs – Chris Warfel presented plans for customer sited programs, including:
 - a. Existing programs:
 - i. Small Customer wind and solar electric
 - ii. Solar on Schools (cross budgeted with Outreach and Education)
 - iii. CI&I Solar Electric
 - b. Proposed programs
 - i. Solar ready homes
 - ii. Solar thermal
 1. Low income housing
 2. Non low income housing
 3. CI&I
 - c. Discussion included:
 - i. Open programs (Small Customer wind and solar electric) should be reconfigured as first come/first serve with budget caps;
 - ii. The Small Customer wind and solar electric program should have a budget set-aside for wind-only (two systems per year);
 - iii. Solar ready homes should have a lower standard incentive and bonus incentive for the first few in, rather than over-funding everything with an incentive that is too large;
 - iv. Fund increases in collections from utilities due to load growth should be in the top line and not allocated to one program;

- v. Solar electric incentives could be structured similar to MA incentive structure with step-downs over time and adders for incentives for special situations;
 - vi. Project attrition – commitments should have a shelf life and expire after a certain period of time;
 - vii. Want to provide ratepayers with most benefit by funding most cost effective technologies – wind and solar thermal.
- d. The Board made a decision to have a declining incentive structure for solar electric incentives:
 - i. \$4.00 2006; \$3.50 2007; \$3.00 in 2008. These incentives can be adjusted up or down by decision of the Board as indicated by market need;
 - ii. In the presence of impending tax credits (State and Federal), the incentives are to be reduced to provide equivalent payback to the \$4.00 /watt 2006 incentive without tax incentives, making the following assumptions:
 - 1. RI tax incentive of 25% will only be utilized up to 80% of its full value;
 - 2. Electricity forward curves – inflate today's rates at 2%
 - 3. RECs
 - a. 6 cents for first 5 yrs
 - b. 3 cents for next 5yrs
 - c. 1.5 cents thereafter
- e. Solar Ready homes – Narragansett Electric (and others) did not like the idea of paying a substantial amount of money for something that has a less than 100% chance of happening. SolarWrights says that the biggest problem with new construction not being solar ready is the solar orientation of the house, not the lack of piping and wire runs. Therefore, the Board decided to:
 - i. Structure an incentive to builders for solar ready homes as a bonus incentive for new construction (in addition to the standard Small Customer solar electric or solar thermal incentive.)
 - ii. Budget: \$15,000: 10 houses at \$1500 each to build properly oriented houses; have to be Energy Star homes;
 - iii. Make available \$5000 advocacy grant to work to get building codes changed to require proper orientation for solar electric;
 - iv. Provide education for builders.
- 4. Solar on Schools – The program will have funding for 5 installations in FY2006 and 5 in FY2007.
- 5. Green Power Programs
 - a. Existing Small Customer Program –
 - i. Make changes in Small Customer program to:
 - 1. Support the development of new products which convey the price stability benefits of renewable energy;
 - 2. Sunset the program.
 - ii. Allocate \$600,000 of uncommitted funds (\$706,626 est.) to Small Customer program
 - b. New Green Power Program – Engage the market in a discussion to get input for the development of a new GP program. Solicit verbal input or feedback via a draft program RFP or an RFI to which marketers can react.
 - c. Provide outreach and TA to large electricity users, as in a continuation of RECA and with workshops. Solicit a contractor via RFP.

6. Outreach - Outreach budget should be allocated by program area and be used to help achieve the goals of the specific program area.
7. Smartpower – A proposal by Smartpower to redirect budget to a joint effort with Clean Water Fund to get Providence to commit to 20% clean energy use by 2010 was discussed. The Board approved the plan with the following modifications:
 - a. Budget allocated for activities conducted by the Inter-Religious Eco Justice group is to be reallocated to other efforts;
 - b. Budget should be allocated for technical support to the City in analyzing the costs and structure options for purchasing clean energy.
8. Emerging Technologies – An annual solicitation will be held to provide Fund support of new technology applications which can be shown to:
 - a. Make a substantial contribution to electricity supply from renewable resources in the State; and/or
 - b. Provide a significant economic development opportunity in the State.
9. RES – Bob Grace provided an update on RES negotiated rulemaking and Fund RES programs:
 - a. RES rulemaking:
 - i. There are still outstanding issues. The ones that impact Fund programs the most a) whether any entity will be required to provide long term contracts (LTCs) for the purchase of RECs; and, b) the roles of Narragansett Electric and EDC in that regard. Some different options are being proposed. National Grid has been firm about not wanting to do LTC's. A middle ground position proposed is for National Grid to not be required to do anything beyond the time when Standard Offer expires; National Grid, EDC and the Fund would assume obligations during varying points in time – i.e., National Grid assumes the near-term obligation, Fund and or EDC takes obligation for latter years.
 - b. Biomass cofiring
 - i. Biomass cofiring of Brayton Point is a potentially a way to satisfy a large portion of the RES requirements with one project. Bob Grace has talked to Dominion (who owns the plant) about the potential opportunity and, though Dominion is a new owner, some think it might make sense and are discussing internally the next step: to define how much fuel supply is available in the region. Dominion understands that the Fund would entertain a proposal (within the limits of the Fund's budget for RES) for a feasibility study.
 - ii. Small hydro – determining small hydro potential for the RI RES is a longer term issue. The regulatory issues may limit opportunities.

Decisions:

1. URI Anemometer Installation - The Board approved \$4400 for installation of anemometer on URI radio tower.
2. Solar Electric Incentives -The Board made a decision to have a declining incentive structure for solar electric incentives: \$4.00 in FY2006; \$3.50 in FY2007; \$3.00 in FY2008. These incentives can be adjusted up or down by decision of the Board as indicated by market need. In the presence of impending tax credits (both State and Federal), the incentive is to be reduced to provide equivalent payback to the \$4 /watt (2006) incentive without tax incentives.
3. Solar Ready Homes Program - The Board made a decision to:

- iii. Structure an incentive to builders for solar ready homes as a bonus incentive for new construction (in addition to the standard Small Customer solar electric or solar thermal incentive.)
 - iv. Budget: \$15,000: 10 houses at \$1500 each to build properly oriented houses; have to be Energy Star homes;
 - v. Make available \$5000 advocacy grant to work to get building codes changed to require proper orientation for solar electric;
 - vi. Provide education for builders.
- 4. Solar on Schools – The program will have funding for 5 installations in FY2006 and 5 in FY2007.
- 10. Small Customer Program - Make changes in Small Customer program to:
 - a. Support the development of new products which convey the price stability benefits of renewable energy;
 - b. Sunset the program.
 - c. Allocate \$600,000 of uncommitted funds (\$706,626 est.) to Small Customer program
- 11. New Green Power Program – Engage the market in a discussion to get input for the development of a new GP program. Solicit verbal input or feedback via a draft program RFP or an RFI to which marketers can react.
- 12. Provide outreach and TA to large electricity users, as in a continuation of RECA and with workshops. Solicit a contractor via RFP.
- 13. Smartpower – The Board approved a proposal by Smartpower to redirect budget to a joint effort with Clean Water Fund in Providence, with the following modifications:
 - a. Budget allocated for activities conducted by the Inter-Religious Eco Justice group is to be reallocated to other efforts;
 - b. Budget should be allocated for technical support to the City in analyzing the costs and structure options for purchasing clean energy of clean energy.
- 14. Emerging Technologies – An annual solicitation will be held to provide Fund support of new technology applications which can be shown to:
 - a. Make a substantial contribution to electricity supply from renewable resources in the State; and/or
 - b. Provide a significant economic development opportunity in the State.

Actions

- 1. Update budget allocation table:
 - a. RES budget will be allocated at a later date when the rulemaking is completed and the issues impacting Fund RES program design are closer to being resolved;
 - b. Add budget line items for administration of the Fund and program support;
 - c. Finalize the budget allocations for solar programs;
 - d. Approve budget at July 12 meeting.
- 2. Solar Programs – Make changes in existing programs/implement new programs:
 - a. Existing:
 - i. Small Customer PV and Wind
 - ii. CI&I PV RFP
 - iii. Solar on Schools
 - b. New Programs
 - i. Solar Ready Homes
 - ii. Solar Thermal

3. CI&I Onsite Wind – develop RFP in tandem with RES program (RECs from onsite project to be directed into RES market.)
4. Green Power Programs:
 - a. Make changes in Small Customer program and circulate to the market.
 - b. Engage the market in a discussion to get input for:
 - i. Development of a new GP program; and,
 - ii. Fund support of Large Customer education and TA;
 - iii. Solicit verbal input or feedback via a draft program RFP or an RFI to which marketers can react;
 - iv. Solicit a contractor(s) for Large Customer Outreach via RFP.
5. Emerging Technologies – Develop RFP for solicitation of proposals for support of emerging technologies. Engage Slater Center as a partner for support in assisting RI companies with new renewable energy technology.
6. URI Anemometer – Write letter to URI informing them of the approval of the grant for the anemometer installation.
7. Smartpower – Request updated plan that incorporates changes requested by Board.

Attendees:

Chew, Bob
Condon, Pat
Farley, John
Garrett, Mark
Grace, Bob
Jacobson, David
Keller, Janet
Lueker, Bill
McClanaghan, Janice
Rochon, Emily
Rose, Vin
Selman, Nancy
Stearns, Dave
Stephens, Erich
Teichert, Kurt
Vild, Bruce
Ward, Harold
Warfel, Chris